

# Tesla Faces Increased Lithium Prices as Supplier Modifies Deal

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NEWS RELEASE BY MARKETJAR

Vancouver, Canada | January 04, 2023 06:00 AM Pacific Standard Time



Tesla Inc. will have to pay more for the lithium that powers its electric cars because a supplier changed their contract as the price of the metal continues to rise.

A statement released Tuesday said that Piedmont Lithium Inc. will now send the EV giant an extra 125,000 metric tonnes of lithium concentrate from the second half of this year until the end of 2025. The statement says that, unlike previous deals, Piedmont's deal with Tesla is based on a mechanism that lets prices change based on the market.

Analyst David Deckelbaum at Cowen & Co. says that the change in the supply agreement between Piedmont and Tesla is "significant" because the electric vehicle (EV) giant usually has fixed prices for the materials it needs to make batteries. "As more contracts shift toward variable pricing, Tesla's lithium costs inevitably move higher," Deckelbaum said in an email.

As the biggest buyer in a market full of new miners, Tesla has had a lot of power to set terms, usually locking in long-term deals with fixed prices. But the prices of key battery materials like lithium keep going up, and traditional automakers are working hard to get these metals. This is slowly changing the situation.

In the past few years, the price of lithium has gone up 1,200% because supply hasn't been able to keep up with demand. That hurts manufacturers, who have had to raise prices as a result. BloombergNEF says that the average price of a lithium-ion battery pack went up by 7% in 2022. This is the first time the price has gone up since the group started keeping track in 2010.

The first deal between Piedmont and Tesla was announced more than two years ago. At that time, lithium prices were at an all-time low because of the pandemic, which lowered demand for EVs at a time when there was plenty of supply.

Cowen's Deckelbaum says that the new supply deal with Tesla should give Piedmont "highly attractive margins." Based on the current spot price of lithium hydroxide, he thought that the deal could increase the company in Belmont, North Carolina's cash flow by \$550 million per year.

## **US Government Invests in New Battery Metals Supply Amid EV Boom**

In the United States, there is currently only one producing lithium mine - Albemarle's Silver Peak in Nevada, a state being touted as the world's top mining jurisdictions. Luckily, the Biden Administration is investing billions to fund battery metals projects.

Among those under development is [\*\*Noram Lithium Corp's \(TSXV:NRM\) \(OTCQB:NRVTF\)\*\*](#) Zeus Lithium Project, which is located just one mile away from the only lithium operation in the US.

**Noram** has continued to aggressively advance its Zeus Project from the development-stage level through to the completion of a Pre-Feasibility Study (PFS), which is already underway. The Zeus project contains a 43-101 measured and indicated resource estimate of 363 million tonnes with 923 ppm lithium and 827 million tonnes with 884 ppm lithium using a cut-off of 400 ppm Li.

The company recently highlighted the [\*\*milestones\*\*](#) is achieved in 2022, including the completion of the 12-hole Phase VI exploration program at Zeus and the closing of a US\$14 million strategic financing with Waratah Capital Advisors and Lithium Royalty Corp., both of which will assist with the completion of the PFS.

**Noram Lithium** also bolstered its leadership team with the appointment of Greg McCunn as Chief Executive Officer to lead the company through the next stages of development at Zeus. McCunn has served as CEO for several TSX and NYSE-listed companies

including Alio Gold and Galiano Gold and has raised over \$600 million in equity and debt financing from the Canadian and US capital markets, completed over \$1 billion in M&A transactions, and put three mines into production on three different continents.

For more information on **Noram Lithium Corp. (TSXV:NRM) (OTCQB:NRVTF)** and its Zeus Lithium Project, [please visit this link](#) or the company's [website](#).

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